

BELLE PLAINE COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2008

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Belle Plaine Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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**Board of Education  
(Before September 2007 Election)**

Mitch Robinson	President	2008
Don McKinney	Vice President	2009
Jim Pierce	Board Member	2009
Mike Bachelder	Board Member	2008
Joyce Livermore	Board Member	2007

**Board of Education  
(After September 2007 Election)**

Mitch Robinson	President	2008
Don McKinney	Vice President	2009
Jim Pierce	Board Member	2009
Mike Bachelder	Board Member	2008
Joyce Livermore	Board Member	2010

**School Officials**

William Lynch	Superintendent	2008
Stacey Tomlin	District Secretary/Treasurer and Business Manager (Interim)	2008
Gruhn Law Office	Attorney	2008

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
117 West 3rd Street North, Newton, Iowa 50208-3050  
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Belle Plaine Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Belle Plaine Community School District, Belle Plaine, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Belle Plaine Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2009 on our consideration of Belle Plaine Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 32 through 33 are not required parts of the basic financial statements, but are supplementary

information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Belle Plaine Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2007 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Nolte, Cornman, Johnson & Co.*  
NOLTE, CORNMAN & JOHNSON, P.C.

March 16, 2009

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Belle Plaine Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2008 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$5,268,542 in fiscal 2007 to \$5,668,505 in fiscal 2008 while General Fund expenditures decreased from \$5,257,564 in fiscal 2007 to \$4,964,654 in fiscal 2008. This resulted in an increase in the District's General Fund balance from \$41,613 in fiscal 2007 to a balance of \$723,464 in fiscal 2008, a 1638.55% increase over the prior year.
- The increase in General Fund revenues was attributable to an increase in local tax revenues and operating grant, contributions, and restricted interest revenue in fiscal 2008. The largest decrease in expenditures was in Support Services and Other Expenditures Functional Areas. The increase in revenues coupled with the decrease in expenditures guaranteed the increase in General Fund balance.
- The District continues to reap the benefits of passing local option sales and service tax in Iowa, Tama, Benton and Poweshiek Counties. This has allowed the Capital Projects Fund balance to increase from \$734,197 in fiscal 2007 to \$1,080,272 in fiscal 2008.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Belle Plaine Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Belle Plaine Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Belle Plaine Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**  
***Belle Plaine Community School District Annual Financial Report***

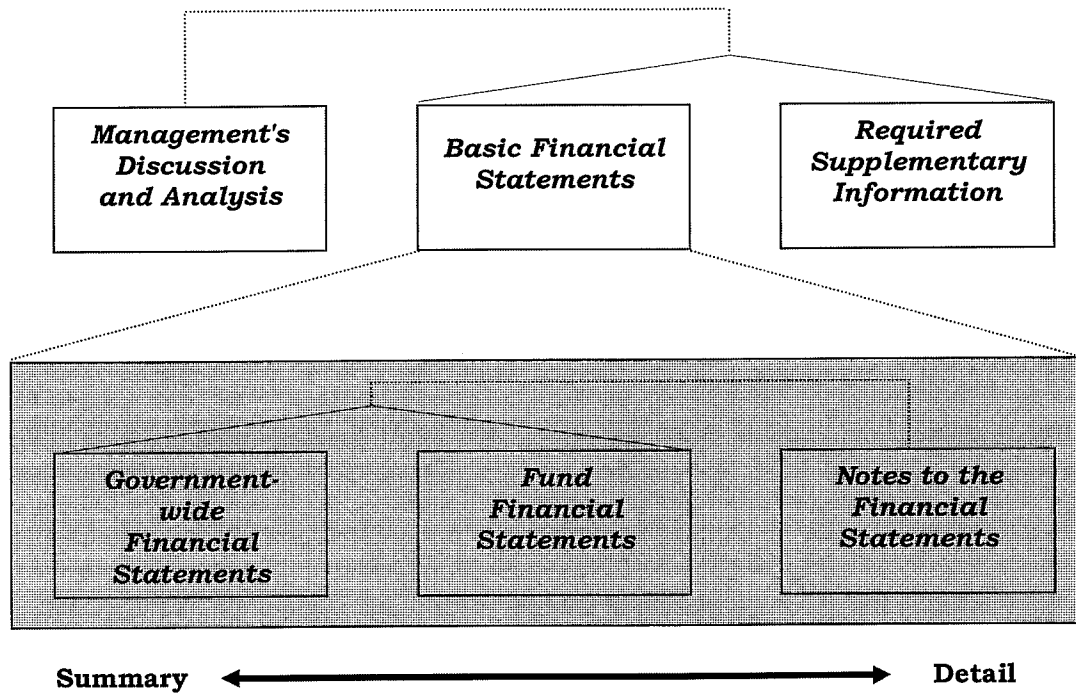


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2</b>			
<b>Major Features of the Government-wide and Fund Financial Statements</b>			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the



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District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, and Capital Projects Fund.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net assets at June 30, 2008 as compared to year ended June 30, 2007.

Figure A-3  
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Current and other assets							
Capital assets	\$ 7,011,824	4,705,582	17,241	10,703	7,029,065	4,716,285	49.04%
Total assets	992,585	1,093,420	7,519	14,419	1,000,104	1,107,839	-9.72%
	8,004,409	5,799,002	24,760	25,122	8,029,169	5,824,124	37.86%
Long-term obligations							
Other liabilities	32,539	31,323	0	0	32,539	31,323	3.88%
Total liabilities	4,575,987	3,363,284	25,449	12,802	4,601,436	3,376,086	36.29%
	4,608,526	3,394,607	25,449	12,802	4,633,975	3,407,409	36.00%
Net assets:							
Invested in capital assets							
Restricted	992,585	1,093,420	7,519	14,419	1,000,104	1,107,839	-9.72%
Unrestricted	1,521,818	1,102,972	0	0	1,521,818	1,102,972	37.97%
Total net assets	881,480	208,003	(8,208)	(2,099)	873,272	205,904	324.12%
	\$ 3,395,883	2,404,395	(689)	12,320	3,395,194	2,416,715	40.49%

The District's combined net assets increased by 40.49%, or \$978,479, over the prior year. The largest portion of the District's net assets is invested in capital assets (e.g., land, buildings and equipment).

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased 37.97%, or \$418,846, over the prior year. This was due to the increase in fund balance in the local option sales and service tax fund during the year.

Unrestricted net assets-the part of net assets that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements- increased 324.12%, or \$667,368, over the prior year.

Figure A-4 shows the changes in net assets for the year ended June 30, 2008 as compared to year ended June 30, 2007.

Figure A-4 Changes of Net Assets							
	Governmental Activities		Business-type Activities		Total School District		Total Change
	2008	2007	2008	2007	2008	2007	2007-08
Revenues and Transfers:							
Program revenues:							
Charges for services	\$ 342,919	382,800	130,656	142,463	473,575	525,263	-9.84%
Operating grants and contributions and restricted interest	684,283	612,830	109,537	104,314	793,820	717,144	10.69%
General revenues:							
Property tax	2,130,723	1,921,683	0	0	2,130,723	1,921,683	10.88%
Local option sales and service tax	354,450	399,531	0	0	354,450	399,531	-11.28%
Unrestricted state grants	2,651,254	2,647,029	0	0	2,651,254	2,647,029	0.16%
Other	258,121	116,195	63	91	258,184	116,286	122.03%
Transfers	(22,000)	0	22,000	1,739	0	1,739	-100.00%
Total revenues and transfers	6,399,750	6,080,068	262,256	248,607	6,662,006	6,328,675	5.27%
Program expenses:							
Governmental activities:							
Instructional	3,635,605	3,763,985	0	0	3,635,605	3,763,985	-3.41%
Support services	1,506,905	1,626,169	0	0	1,506,905	1,626,169	-7.33%
Non-instructional programs	0	0	275,265	269,792	275,265	269,792	2.03%
Other expenses	265,752	297,301	0	0	265,752	297,301	-10.61%
Total expenses	5,408,262	5,687,455	275,265	269,792	5,683,527	5,957,247	-4.59%
Change in net assets	991,488	392,613	(13,009)	(21,185)	978,479	371,428	163.44%
Net assets beginning of year	2,404,395	2,011,782	12,320	33,505	2,416,715	2,045,287	18.16%
Net assets end of year	\$ 3,395,883	2,404,395	(689)	12,320	3,395,194	2,416,715	40.49%

In fiscal 2008, property tax and unrestricted state grants account for 74.72% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 90.94% of the revenue from business type activities.

The District's total revenues were \$6,662,006 of which \$6,399,750 was for governmental activities and \$262,256 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 5.27% increase in revenues and a 4.59% decrease in expenses.

### Governmental Activities

Revenues for governmental activities were \$6,399,750 and expenses were \$5,408,262. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses.

Figure A-5  
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-08	2008	2007	Change 2007-08
Instruction	\$ 3,635,605	3,763,985	-3.41%	2,820,400	2,976,656	-5.25%
Support services	1,506,905	1,626,169	-7.33%	1,506,905	1,626,169	-7.33%
Other expenses	265,752	297,301	-10.61%	53,755	89,000	-39.60%
Totals	<u>\$ 5,408,262</u>	<u>5,687,455</u>	<u>-4.91%</u>	<u>4,381,060</u>	<u>4,691,825</u>	<u>-6.62%</u>

- The cost financed by users of the District's programs was \$342,919
- Federal and state governments subsidized certain programs with grants and contributions totaling \$684,283.
- The net cost of governmental activities was financed with \$2,130,723 in local tax, \$354,450 in local option sales and service tax, \$2,651,254 in unrestricted state grants, \$124,411 in interest income, and \$133,710 in other general revenue.

### Business-Type Activities

Revenues of the District's business-type activities were \$262,256 and expenses were \$275,265. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## INDIVIDUAL FUND ANALYSIS

As previously noted, the Belle Plaine Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$2,233,560, compared to last year's ending fund balances of \$1,136,540.

### Governmental Fund Highlights

- The General Fund balance increased from \$41,613 to \$723,464, due to an increase in local and operating grants, contributions, and restricted interest revenues and a decrease in expenditures of \$333,331.
- The Capital Projects fund balance increased from \$734,197 to \$1,080,272, due to a decrease in expenditures during the year.

### Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from \$12,320 at June 30, 2007 to a deficit fund balance of \$689 at June 30, 2008, representing a decrease of 105.60%.

## BUDGETARY HIGHLIGHTS

The District's revenues were \$62,138 less than budgeted revenues, a variance of 0.95%. The most significant variance resulted from the District receiving less in federal sources than originally anticipated.

Total expenditures were less than budgeted, primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2008, the District had invested \$1,000,104, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 9.72% from last year. More detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was \$132,598.

The original cost of the District's capital assets was \$3,517,986. Governmental funds account for \$3,447,174 with the remainder of \$70,812 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land category. The District's land totaled \$28,065 at June 30, 2008, compared to \$37,582 reported at June 30, 2007. The decrease is mainly because the District sold property during the fiscal year.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Land	\$ 28,065	37,582	0	0	28,065	37,582	-25.32%
Buildings	707,403	770,213	0	0	707,403	770,213	-8.15%
Improvements other than buildings	52,535	63,110	0	0	52,535	63,110	-16.76%
Machinery and equipment	204,582	222,515	7,519	14,419	212,101	236,934	-10.48%
Total	\$ 992,585	1,093,420	7,519	14,419	1,000,104	1,107,839	-9.72%

### Long-Term Debt

At June 30, 2008, the District had \$32,539 in long-term debt outstanding. This represents an increase of 3.88% over last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 7 to the financial statements.

During fiscal 2008, the District once again offered early retirement benefits to employees. As of year end, the District had \$24,760 in early retirement benefits to be paid.

Also during fiscal 2008, the District offered compensated absences to certain District employees for vacation days not used during the year. As of year end, the District had \$7,779 in compensated absences due to employees.

Figure A-7  
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2008	2007	2007-08
Early retirement	\$ 24,760	20,992	17.95%
Compensated absences	7,779	10,331	-24.70%
Totals	\$ 32,539	31,323	3.88%

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Although the District has experienced declining enrollment for a few years, the District expects a slight decrease in enrollment.
- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lori McClenathan, District Board Secretary/Business Manager, Belle Plaine Community School District, 707 7<sup>th</sup> Street, Belle Plaine, Iowa, 52208.

## BASIC FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments:			
ISCAP(Note 3)	\$ 1,991,450	0	1,991,450
Other	2,489,421	4,627	2,494,048
Receivables:			
Property tax:			
Delinquent	40,333	0	40,333
Succeeding year	2,027,724	0	2,027,724
Income surtax	202,277	0	202,277
Accounts	7,893	0	7,893
ISCAP interest(Note 3)	12,216	0	12,216
Due from other governments	240,510	806	241,316
Inventories	0	11,808	11,808
Capital assets, net of accumulated depreciation(Note 6)	992,585	7,519	1,000,104
<b>TOTAL ASSETS</b>	<b>8,004,409</b>	<b>24,760</b>	<b>8,029,169</b>
<b>LIABILITIES</b>			
Accounts payable	22,315	0	22,315
Salaries and benefits payable	514,691	22,394	537,085
ISCAP warrants payable(Note 3)	1,970,000	0	1,970,000
ISCAP interest payable(Note 3)	13,195	0	13,195
ISCAP unamortized premium	24,562	0	24,562
Deferred revenue:			
Succeeding year property tax	2,027,724	0	2,027,724
Other	3,500	0	3,500
Unearned revenue	0	3,055	3,055
Long-term liabilities(Note 7):			
Portion due within one year:			
Early retirement	24,760	0	24,760
Compensated absences	7,779	0	7,779
<b>TOTAL LIABILITIES</b>	<b>4,608,526</b>	<b>25,449</b>	<b>4,633,975</b>
<b>NET ASSETS</b>			
Invested in capital assets	992,585	7,519	1,000,104
Restricted for:			
Talented and gifted	1,051	0	1,051
Beginning teacher mentoring	414	0	414
Salary improvement program	2,387	0	2,387
Market factor	4,794	0	4,794
Education Excellence Phase II	3,231	0	3,231
Model core curriculum	873	0	873
Professional Development	19,229	0	19,229
Market factor incentives	4,503	0	4,503
Management levy	86,016	0	86,016
Physical plant & equipment levy	200,736	0	200,736
Capital projects	1,080,272	0	1,080,272
Other special revenue purposes	118,312	0	118,312
Unrestricted	881,480	(8,208)	873,272
<b>TOTAL NET ASSETS</b>	<b>\$ 3,395,883</b>	<b>(689)</b>	<b>3,395,194</b>

SEE NOTES TO FINANCIAL STATEMENTS



BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business- Type Activities	Total
<b>Functions/Programs:</b>						
Governmental activities:						
Instruction:						
Regular instruction	\$ 2,451,293	127,787	424,454	(1,899,052)	0	(1,899,052)
Special instruction	624,013	10,803	30,513	(582,697)	0	(582,697)
Other instruction	560,299	204,329	17,319	(338,651)	0	(338,651)
	<u>3,635,605</u>	<u>342,919</u>	<u>472,286</u>	<u>(2,820,400)</u>	<u>0</u>	<u>(2,820,400)</u>
Support services:						
Student services	44,973	0	0	(44,973)	0	(44,973)
Instructional staff services	88,325	0	0	(88,325)	0	(88,325)
Administration services	614,719	0	0	(614,719)	0	(614,719)
Operation and maintenance of plant services	462,385	0	0	(462,385)	0	(462,385)
Transportation services	296,503	0	0	(296,503)	0	(296,503)
	<u>1,506,905</u>	<u>0</u>	<u>0</u>	<u>(1,506,905)</u>	<u>0</u>	<u>(1,506,905)</u>
Other expenditures:						
Facilities acquisitions	755	0	0	(755)	0	(755)
AEA flowthrough	211,997	0	211,997	0	0	0
Depreciation(unallocated)*	53,000	0	0	(53,000)	0	(53,000)
	<u>265,752</u>	<u>0</u>	<u>211,997</u>	<u>(53,755)</u>	<u>0</u>	<u>(53,755)</u>
Total governmental activities	5,408,262	342,919	684,283	(4,381,060)	0	(4,381,060)
Business-Type activities:						
Non-instructional programs:						
Nutrition services	275,265	130,656	109,537	0	(35,072)	(35,072)
Total business-type activities	<u>275,265</u>	<u>130,656</u>	<u>109,537</u>	<u>0</u>	<u>(35,072)</u>	<u>(35,072)</u>
Total	<u>\$ 5,683,527</u>	<u>473,575</u>	<u>793,820</u>	<u>(4,381,060)</u>	<u>(35,072)</u>	<u>(4,416,132)</u>
<b>General Revenues and Transfers:</b>						
General Revenues:						
Local tax levied for:						
General purposes				\$ 2,108,857	0	2,108,857
Capital outlay				21,866	0	21,866
Local option sales and service tax				354,450	0	354,450
Unrestricted state grants				2,651,254	0	2,651,254
Unrestricted investment earnings				124,411	63	124,474
Other				133,710	0	133,710
Transfers				(22,000)	22,000	0
Total general revenues and transfers				<u>5,372,548</u>	<u>22,063</u>	<u>5,394,611</u>
Change in net assets				991,488	(13,009)	978,479
Net assets beginning of year				<u>2,404,395</u>	<u>12,320</u>	<u>2,416,715</u>
Net assets end of year				<u>\$ 3,395,883</u>	<u>(689)</u>	<u>3,395,194</u>

\* This amount excludes the depreciation that is included in the direct expenses of the various programs.

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

	General	Capital Projects	Nonmajor Special Revenue	Total
<b>ASSETS</b>				
Cash and pooled investments:				
ISCAP(Note 3)	\$ 1,991,450	0	0	1,991,450
Other	1,177,927	887,196	424,298	2,489,421
Receivables:				
Property tax:				
Delinquent	38,643	0	1,690	40,333
Succeeding year	1,855,749	0	171,975	2,027,724
Income surtax	182,049	0	20,228	202,277
Interfund	0	0	4,488	4,488
Accounts	7,863	0	30	7,893
ISCAP interest(Note 3)	12,216	0	0	12,216
Due from other governments	47,434	193,076	0	240,510
<b>TOTAL ASSETS</b>	<b>\$ 5,313,331</b>	<b>1,080,272</b>	<b>622,709</b>	<b>7,016,312</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Interfund payable	\$ 4,488	0	0	4,488
Accounts payable	21,633	0	682	22,315
Salaries and benefits payable	514,691	0	0	514,691
ISCAP warrants payable(Note 3)	1,970,000	0	0	1,970,000
ISCAP interest payable(Note 3)	13,195	0	0	13,195
ISCAP unamortized premium	24,562	0	0	24,562
Deferred revenue:				
Succeeding year property tax	1,855,749	0	171,975	2,027,724
Income surtax	182,049	0	20,228	202,277
Other	3,500	0	0	3,500
Total liabilities	4,589,867	0	192,885	4,782,752
Fund balances:				
Reserved for:				
Talented and gifted	1,051	0	0	1,051
Beginning teacher mentoring	414	0	0	414
Salary improvement program	2,387	0	0	2,387
Market factor	4,794	0	0	4,794
Education excellence phase II	3,231	0	0	3,231
Model core curriculum	873	0	0	873
Professional development	19,229	0	0	19,229
Market factor incentives	4,503	0	0	4,503
Unreserved:				
General	686,982	0	0	686,982
Management levy	0	0	110,776	110,776
Physical plant and equipment levy	0	0	200,736	200,736
Capital projects	0	1,080,272	0	1,080,272
Other special revenue	0	0	118,312	118,312
Total fund balances	723,464	1,080,272	429,824	2,233,560
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,313,331</b>	<b>1,080,272</b>	<b>622,709</b>	<b>7,016,312</b>

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2008

Total fund balances of governmental funds (page 15)	\$ 2,233,560
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	992,585
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	202,277
Long-term liabilities, including early retirement and compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(32,539)</u>
Net assets of governmental activities (page 13)	<u><u>\$ 3,395,883</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Nonmajor Special Revenue	Total
<b>REVENUES:</b>				
Local sources:				
Local tax	\$ 2,031,893	354,450	102,311	2,488,654
Tuition	138,590	0	0	138,590
Other	179,877	14,761	226,290	420,928
State sources	3,190,169	0	73	3,190,242
Federal sources	127,976	0	0	127,976
Total revenues	5,668,505	369,211	328,674	6,366,390
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular instruction	2,450,902	0	0	2,450,902
Special instruction	624,013	0	0	624,013
Other instruction	362,868	0	195,337	558,205
	3,437,783	0	195,337	3,633,120
Support services:				
Student services	44,050	0	0	44,050
Instructional staff services	79,943	0	0	79,943
Administration services	522,573	0	96,233	618,806
Operation and maintenance of plant services	416,197	22,264	14,550	453,011
Transportation services	252,111	0	42,320	294,431
	1,314,874	22,264	153,103	1,490,241
Other expenditures:				
Facilities acquisitions	0	872	15,316	16,188
AEA flowthrough	211,997	0	0	211,997
	211,997	872	15,316	228,185
Total expenditures	4,964,654	23,136	363,756	5,351,546
Excess(deficiency) of revenues over(under) expenditures	703,851	346,075	(35,082)	1,014,844
Other financing sources(uses):				
Sale of real property	0	0	104,176	104,176
Transfer out	(22,000)	0	0	(22,000)
Total other financing sources(uses)	(22,000)	0	104,176	82,176
Net change in fund balances	681,851	346,075	69,094	1,097,020
Fund balance beginning of year	41,613	734,197	360,730	1,136,540
Fund balance end of year	\$ 723,464	1,080,272	429,824	2,233,560

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds (page 17) \$ 1,097,020

Amounts reported for governmental activities in the  
statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays, depreciation expense, and loss on disposal of assets in the year are as follows:

Capital outlays	\$ 70,198	
Depreciation expense	(125,698)	
Loss on disposal of assets	<u>(45,335)</u>	(100,835)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.

Early retirement	\$ (3,768)	
Compensated absences	<u>2,552</u>	(1,216)

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.		<u>(3,481)</u>
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Changes in net assets of governmental activities (page 14)	\$ 991,488	<u><u>991,488</u></u>
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BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2008

	<u>School Nutrition</u>
ASSETS	
Cash and cash equivalents	\$ 4,627
Due from other governments	806
Inventories	11,808
Capital assets, net of accumulated depreciation (Note 6)	<u>7,519</u>
TOTAL ASSETS	<u>24,760</u>
LIABILITIES	
Salaries and benefits payable	22,394
Unearned revenue	<u>3,055</u>
TOTAL LIABILITIES	<u>25,449</u>
NET ASSETS	
Invested in capital assets	7,519
Unrestricted	<u>(8,208)</u>
TOTAL NET ASSETS	<u>\$ (689)</u>

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUND  
 YEAR ENDED JUNE 30, 2008

	<u>School</u> <u>Nutrition</u>
OPERATING REVENUE:	
Local sources:	
Other local sources:	
Charges for service	\$ 128,951
Miscellaneous	1,705
TOTAL OPERATING REVENUES	<u>130,656</u>
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	116,220
Benefits	20,828
Services	4,415
Supplies	126,902
Depreciation	6,900
TOTAL OPERATING EXPENSES	<u>275,265</u>
OPERATING LOSS	<u>(144,609)</u>
NON-OPERATING REVENUES:	
Interest	63
State sources	2,887
Federal sources	106,650
TOTAL NON-OPERATING REVENUES	<u>109,600</u>
Change in net assets before other financing sources	(35,009)
OTHER FINANCING SOURCES:	
Transfers in	<u>22,000</u>
Change in net assets	(13,009)
Net assets beginning of year	<u>12,320</u>
Net assets end of year	<u>\$ (689)</u>

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2008

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 129,536
Cash received from miscellaneous operating activities	1,705
Cash payments to employees for services	(114,654)
Cash payments to suppliers for goods or services	(109,089)
Net cash used in operating activities	<u>(92,502)</u>
Cash flows from non-capital financing activities:	
Transfer from General Fund	22,000
State grants received	2,887
Federal grants received	82,511
Net cash provided by non-capital financing activities	<u>107,398</u>
Cash flows from investing activities:	
Interest on investments	<u>63</u>
Net increase in cash and cash equivalents	14,959
Cash and cash equivalents at beginning of year	<u>(10,332)</u>
Cash and cash equivalents at end of year	<u><u>\$ 4,627</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (144,609)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	23,333
Depreciation	6,900
Increase in inventories	(1,105)
Increase in salaries and benefits payable	22,394
Increase in unearned revenue	585
Net cash used in operating activities	<u><u>\$ (92,502)</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:	
Current assets:	
Cash and pooled investments	<u><u>\$ 4,627</u></u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2008, the District received Federal commodities valued at \$23,333.

SEE NOTES TO FINANCIAL STATEMENTS



BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**(1) Summary of Significant Accounting Policies**

The Belle Plaine Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Belle Plaine, Iowa, and the predominate agricultural territory in Poweshiek, Benton, Iowa and Tama Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Belle Plaine Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Belle Plaine Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Poweshiek, Benton, Iowa and Tama County Assessors' Conference Board.

**B. Basis of Presentation**

Government-wide financial statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets* consists of capital assets, net of accumulated depreciation.

*Restricted net assets* result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net asset* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

The District reports the following proprietary fund:

The District's proprietary funds is the School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

#### C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the "economic resources measurement focus" and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due to and Due from other funds - During the course of its operations, the District has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as June 30, 2008, balances of interfund accounts receivable or payable have been recorded.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Improvements other than buildings	1,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 years
Machinery and equipment	12 years

Salaries and benefits payable - Payroll and related expenditures for annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the Government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, no disbursements exceeded the amount budgeted.

### (2) **Cash and Pooled Investments**

The District's deposits at June 30, 2008 were entirely covered by federal depository insurance or State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. The District had no investments as of June 30, 2008.

(3) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2008 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2007-08A	06/27/2007	06/26/2008	\$ 9,258	0	0	0
2007-08B	01/23/2008	01/21/2009	784,510	11,762	782,000	12,739
2008-09A	06/26/2008	06/25/2009	1,197,682	454	1,188,000	456
Total			<u>\$ 1,991,450</u>	<u>12,216</u>	<u>1,970,000</u>	<u>13,195</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2008, is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2007-08A	\$ 0	200,000	200,000	0

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2007-08A	4.500%	5.455%
2007-08B	3.750%	3.451%
2008-09A	3.500%	3.469%

**(4) Due To And Due From Other Funds**

The detail of the interfund receivables and payables at June 30, 2008, is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Physical Plant		
and Equipment		
Levy	General Fund	<u>\$ 4,488</u>

The General Fund will be repaying the Special Revenue: Physical Plant and Equipment Levy for income surtax incorrectly recorded in the prior year. The balance will be repaid by June 30, 2009.

**(5) Transfers**

The detail of transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Nutrition	General	<u>\$ 22,000</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

The General Fund transferred funds to the Nutrition Fund to cover the shortfall in cashflow due to increased expenditures.

**(6) Capital Assets**

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 70,812	0	0	70,812
Less accumulated depreciation	56,393	6,900	0	63,293
Business-type activities capital assets, net	<u>\$ 14,419</u>	<u>(6,900)</u>	<u>0</u>	<u>7,519</u>



	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 37,582	0	9,517	28,065
Total capital assets not being depreciated	<u>37,582</u>	<u>0</u>	<u>9,517</u>	<u>28,065</u>
Capital assets being depreciated:				
Buildings	2,186,881	15,433	47,365	2,154,949
Land improvements	148,917	0	5,000	143,917
Machinery and equipment	1,191,669	54,765	126,191	1,120,243
Total capital assets being depreciated	<u>3,527,467</u>	<u>70,198</u>	<u>178,556</u>	<u>3,419,109</u>
Less accumulated depreciation for:				
Buildings	1,416,668	46,925	16,047	1,447,546
Land improvements	85,807	6,075	500	91,382
Machinery and equipment	969,154	72,698	126,191	915,661
Total accumulated depreciation	<u>2,471,629</u>	<u>125,698</u>	<u>142,738</u>	<u>2,454,589</u>
Total capital assets being depreciated, net	<u>1,055,838</u>	<u>(55,500)</u>	<u>35,818</u>	<u>964,520</u>
Governmental activities capital assets, net	<u>\$ 1,093,420</u>	<u>(55,500)</u>	<u>45,335</u>	<u>992,585</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 1,609
Other	2,094
Support services:	
Student services	923
Instructional staff services	8,382
Administration services	6,049
Operation and maintenance of plant services	9,374
Transportation	44,267
Unallocated depreciation	<u>53,000</u>
Total governmental activities depreciation expense	<u>\$ 125,698</u>
Business-type activities:	
Food services	<u>\$ 6,900</u>

#### (7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Early retirement	\$ 20,992	24,760	20,992	24,760	24,760
Accrued compensated absences	10,331	7,779	10,331	7,779	7,779
Total	<u>\$ 31,323</u>	<u>32,539</u>	<u>31,323</u>	<u>32,539</u>	<u>32,539</u>

### Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed fifteen years of continuous service to the District. Employees must complete an application which is subject to approval by the Board of Education. For the year ended June 30, 2008, the District paid \$20,992 in early retirement benefits.

### **(8) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007, and 2006. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$178,182, \$216,331, and \$211,175 respectively, equal to the required contributions for each year.

### **(9) Risk Management**

Belle Plaine Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### **(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$211,997 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

### **(11) Deficit Net Assets**

As of the year ended June 30, 2008, the Nutrition Fund had a deficit unrestricted net assets of \$8,208.

REQUIRED SUPPLEMENTARY INFORMATION

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND  
CHANGES IN BALANCES -  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2008

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 3,048,172	130,719	3,178,891	3,114,731	3,114,731	64,160
State sources	3,190,242	2,887	3,193,129	3,183,777	3,183,777	9,352
Federal sources	127,976	106,650	234,626	246,000	246,000	(11,374)
Total revenues	6,366,390	240,256	6,606,646	6,544,508	6,544,508	62,138
Expenditures:						
Instruction	3,633,120	0	3,633,120	4,727,799	4,727,799	1,094,679
Support services	1,490,241	0	1,490,241	2,157,822	2,157,822	667,581
Non-instructional programs	0	275,265	275,265	316,705	316,705	41,440
Other expenditures	228,185	0	228,185	844,655	844,655	616,470
Total expenditures	5,351,546	275,265	5,626,811	8,046,981	8,046,981	2,420,170
Excess(deficiency) of revenues over(under) expenditures	1,014,844	(35,009)	979,835	(1,502,473)	(1,502,473)	2,482,308
Other financing sources, net	82,176	22,000	104,176	0	0	104,176
Excess(deficiency) of revenues and other financing sources over(under) expenditures	1,097,020	(13,009)	1,084,011	(1,502,473)	(1,502,473)	2,586,484
Balance beginning of year	1,136,540	12,320	1,161,180	882,104	882,104	279,076
Balance end of year	\$ 2,233,560	(689)	2,245,191	(620,369)	(620,369)	2,865,560

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private-Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

OTHER SUPPLEMENTARY INFORMATION

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2008

	Special Revenue			
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 109,087	118,447	196,764	424,298
Receivables:				
Property tax:				
Current year delinquent	1,689	0	1	1,690
Succeeding year	82,000	0	89,975	171,975
Income surtax	0	0	20,228	20,228
Accounts	0	0	30	30
Interfund	0	0	4,488	4,488
Total assets	\$ 192,776	118,447	311,486	622,709
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 0	135	547	682
Deferred revenue:				
Succeeding year property tax	82,000	0	89,975	171,975
Income surtax	0	0	20,228	20,228
Total liabilities	82,000	135	110,750	192,885
Unreserved fund balances	110,776	118,312	200,736	429,824
TOTAL LIABILITIES AND FUND BALANCES	\$ 192,776	118,447	311,486	622,709

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUES FUNDS  
 YEAR ENDED JUNE 30, 2008

	Special Revenue			
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
REVENUES:				
Local sources:				
Local tax	\$ 80,097	0	22,214	102,311
Other	3,797	219,327	3,166	226,290
State sources	73	0	0	73
TOTAL REVENUES	83,967	219,327	25,380	328,674
EXPENDITURES:				
Current:				
Instruction:				
Other instruction	0	195,337	0	195,337
Support services:				
Administrative services	96,233	0	0	96,233
Operation and maintenance of plant services	0	0	14,550	14,550
Student transportation	0	0	42,320	42,320
Other expenditures:				
Facilities acquisitions	0	0	15,316	15,316
TOTAL EXPENDITURES	96,233	195,337	72,186	363,756
Excess(deficiency) of revenues over(under) expenditures before other financing sources	(12,266)	23,990	(46,806)	(35,082)
OTHER FINANCING SOURCES:				
Sale of real property	0	0	104,176	104,176
Net change in fund balances	(12,266)	23,990	57,370	69,094
Fund balance beginning of year	123,042	94,322	143,366	360,730
Fund balance end of year	\$ 110,776	118,312	200,736	429,824

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT



BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Athletic Boosters Club	\$ 0	8,075	1,695	6,380
Interest	0	2,013	2,013	0
K-8 Art Club	227	345	467	105
Junior High/Elementary Drama	29	539	417	151
Camp Courageous	2,682	897	2,720	859
6th Grade	5,109	9,255	9,329	5,035
Elementary Student Council	4,097	1,917	568	5,446
Junior High Student Council	7,946	11,757	12,825	6,878
School Play	334	416	719	31
Speech	1	199	198	2
Vocal	119	81	197	3
Band	0	200	200	0
Boys Cross Country	200	0	0	200
Girls Cross Country	200	0	40	160
Boys Cross Country Fundraiser	117	304	221	200
Girls Cross Country Fundraiser	183	601	530	254
Boys/Girls Golf	202	549	751	0
Boys Basketball	120	630	674	76
Boys Basketball Fundraiser	2,819	9,524	7,827	4,516
Football	0	1,305	1,305	0
Football Fundraiser	188	7,654	7,484	358
Baseball	0	795	673	122
Baseball Fundraiser	803	4,251	2,358	2,696
Boys Track	0	375	15	360
Boys Track Fundraiser	1,402	2,555	3,165	792
Boys Golf Fundraiser	2,002	705	1,036	1,671
Wrestling	75	815	856	34
Wrestling Fundraiser	62	2,540	2,542	60
Girls Basketball	66	684	648	102
Girls Basketball Fundraiser	1,849	3,952	4,013	1,788
Volleyball	237	483	688	32
Volleyball Fundraiser	2,069	2,951	3,620	1,400
Softball	20	730	697	53
Softball Fundraiser	1,320	3,977	4,183	1,114
Girls Track	15	360	79	296
Girls Track Fundraiser	1,155	3,035	3,331	859
Activities	4,097	36,690	37,433	3,354
Cheerleading Fundraiser	1,590	4,093	3,976	1,707
Cheerleading	0	409	409	0
Dance/Drill Team	583	0	0	583
Science Club	1,609	555	669	1,495
High School Student Council	5,494	6,135	5,199	6,430
Annual	4,752	9,152	2,939	10,965
Close Up	17,354	24,402	23,048	18,708
Peer Helpers	149	0	0	149
Spanish club	245	258	423	80
FFA	15,752	30,779	25,047	21,484
Win With Fitness	66	180	76	170
Belle Plaine S.A.D.D.	518	424	522	420
Video Club	165	1,170	1,212	123
German Club	0	180	100	80
Student/Staff Pop fund	0	8,425	6,376	2,049
Projects	2,036	520	885	1,671
Class of 2008	774	3,469	4,243	0
Class of 2009	1,913	1,770	2,176	1,507
Class of 2010	1,577	2,894	1,329	3,142
Class of 2011	0	3,353	1,191	2,162
Total	\$ 94,322	219,327	195,337	118,312

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE LAST FIVE YEARS

	Modified Accrual Basis				
	Years Ended June 30,				
	2008	2007	2006	2005	2004
Revenues:					
Local sources:					
Local tax	\$ 2,488,684	2,311,470	2,187,039	2,197,074	1,913,270
Tuition	138,590	167,612	128,317	263,300	187,117
Other	420,898	357,117	319,339	237,063	266,261
State sources	3,190,242	3,114,097	2,986,849	3,019,856	2,948,051
Federal sources	127,976	120,028	129,567	126,370	119,061
Total	<u>\$ 6,366,390</u>	<u>6,070,324</u>	<u>5,751,111</u>	<u>5,843,663</u>	<u>5,433,760</u>
Expenditures:					
Instruction:					
Regular instruction	\$ 2,450,902	2,534,811	2,546,399	2,496,924	2,462,224
Special instruction	624,013	705,497	671,141	675,667	744,499
Other instruction	558,205	512,360	498,777	489,880	431,840
Support services:					
Student services	44,050	77,402	79,791	92,382	92,838
Instructional staff services	79,943	150,924	170,979	108,201	101,460
Administration services	618,806	724,720	693,490	662,511	652,031
Operation and maintenance of plant services	453,011	460,129	472,027	493,409	436,307
Transportation services	294,431	311,662	228,354	208,482	169,826
Other expenditures:					
Facilities acquisitions	16,188	59,558	139,931	51,903	134,568
AEA flow-through	211,997	208,301	201,163	201,940	205,191
Total	<u>\$ 5,351,546</u>	<u>5,745,364</u>	<u>5,702,052</u>	<u>5,481,299</u>	<u>5,430,784</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

**NOLTE, CORNMAN & JOHNSON P.C.**  
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Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards

To the Board of Education of the  
Belle Plaine Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Belle Plaine Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 16, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Belle Plaine Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Belle Plaine Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Belle Plaine Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Belle Plaine Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Belle Plaine Community School District's financial statements that is more than inconsequential will not be prevented or detected by Belle Plaine Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Belle Plaine Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-08 is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Belle Plaine Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Belle Plaine Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Belle Plaine Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Belle Plaine Community School District and other parties to whom Belle Plaine Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Belle Plaine Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
NOLTE, CORNMAN & JOHNSON, P.C.

March 16, 2009

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2008

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

- I-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will investigate available alternatives.

Conclusion - Response accepted.

- I-B-08 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. Per Chapter 9 of the LEA Financial Accounting Manual. "The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8)." Fundraisers and donations made to the school should be recorded in the fund in which they could be expended.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). More specific examples of these instances of questioned items and recommendations are as follows:

Currently, donations from Target are recorded in the Elementary account in the Student Activity Fund. Target donations are considered an undesignated donation, therefore, they should be receipted into the General Fund for use as determined by the Board of Directors. The designation should be noted annually in the District's board minutes.

Donations given to a school should be expended according to the donor's request. According to information contained on the website for Box Tops, the donation can be used for items such as books, computers, or playground equipment. Currently, the District records the Box Top donations in the Student Activity Fund. Since the items

listed for purchase with Box Tops donations are more instructional in nature, the most logical place to record these donations in the General Fund.

There are pop accounts for the various building in the District. These accounts appear to be administratively run and should not be contained within the Activity Fund. The accounts appear to be more appropriate in the General Fund.

The District should review the properness of receipts and expenditures that are recorded in the Student Activity Fund. The District should also review procedures that are in place in regards to the Activity Fund and follow the suggested recommendations to gain compliance and better internal controls. The District should consider adopting a Student Activity Manual for sponsors of Student Activity Funds.

Response - The District will review the accounts in the activity fund and will consider moving some of these accounts to the General Fund.

Conclusion - Response accepted.

- I-C-08 Grant Coding - We noted during our audit, that when expenditures for specific projects were posted, it appeared that the expenses were not always properly posted to the correct projects.

Recommendation - The District should review the coding of bills, to ensure that all bills paid for a specific grant or project are properly coded. The project numbers may be obtained from the Uniform Financial Accounting for Iowa LEAs and AEAs. The proper coding also allows the district to maintain accountability of the grants by matching the revenues to the expenditures.

Response - The District will review its coding procedures for grants.

Conclusion - Response accepted.

- I-D-08 Employee Purchases - During our audit, it was noted instances of employee's personal purchases being made through the Nutrition Fund vendors, which were then subsequently billed to the District. It did appear that the District was not paying for the purchases though.

Recommendation - The District should refrain from allowing employees to make personal purchases through the District's vendor accounts.

The District should review their policies and procedures concerning employee purchases and implement the necessary changes to ensure that this practice ceases to exist.

Response - The District will inform its employees that they are to refrain from ordering items and having the items billed through the school by the School District's Nutrition Fund vendors. If the employees order items, the individual employees will be billed directly by the vendors.

Conclusion - Response accepted.

- I-E-08 Board Policies - We noted during our audit the District has not updated their board policies as required by Department of Education. The policies are to be reviewed and updated every 5 years. It was also, noted that the District has not developed and implemented a cell phone policy.

Recommendation - The District should review their board policies in place and update or implement the necessary policies.

Response - The District plans to begin a review of its school board policies during the upcoming year.

Conclusion - Response accepted.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2008

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-08 Certified Budget - District disbursements for the year ended June 30, 2008, did not exceed the amount budgeted.
- II-B-08 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-08 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Jodi Bermel, Principal Owns Subway	Supplies	\$362

In accordance with Attorney General Opinion dated July 2, 1990, the transaction with the employee does not appear to be a conflict of interest.

- II-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-08 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-08 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- II-H-08 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-J-08 Financial Condition - As of the year ended June 30, 2008, the Nutrition Fund had deficit unrestricted net assets of \$8,208.

Recommendation - The District should monitor this fund and investigate alternatives to eliminate this deficit.

Response - The District will monitor this fund and review its meal fees.

Conclusion - Response accepted.



II-K-08 Signing of Officiating Contracts - We noted during our audit that the Athletic Director and Superintendent was signing officiating contracts on behalf of the District.

Recommendation - Section 291.1 of the Code of Iowa states that the president of the board of directors shall sign all contracts entered into by the District.

Response - The District will review this practice and examine alternatives.

Conclusion - Response accepted.